

November 4, 2009

Congressional Committees

Defense Logistics: Department of Defense's Annual Report on the Status of Prepositioned Materiel and Equipment Can Be Further Enhanced to Better Inform Congress

The Department of Defense (DOD) prepositions equipment at strategic locations around the world to enable it to field combat-ready forces in days, rather than the weeks it would take if equipment had to be moved from the United States to the locations of conflicts. DOD's prepositioned stock programs¹ support the National Military Strategy and are an important part of its overall strategic mobility framework. Through their individual programs, each of the military services maintains preconfigured groups of related materiel and equipment, known as "sets," in geographic locations around the world. These prepositioned materiel and equipment sets have played an important role in supporting ongoing operations in Iraq and Afghanistan. However, sustained operations in Iraq and Afghanistan have taken a toll on the condition and readiness of military equipment. Over the last few years, we have identified a number of ongoing and long-term challenges regarding DOD's prepositioned stocks.² In 2008 we testified that some of the Army's prepositioned stocks have been depleted and that it was unclear when those critical reserve stocks would be replenished or how much the total cost to do so would be.³ Although the services have estimated the cost and time frame to replenish their stocks in DOD's report to Congress, the services are currently reviewing their prepositioning programs to address new requirements to meet future needs. DOD has reported to Congress that the services are committed to resetting⁴ prepositioned materiel but must balance these resetting efforts with the

¹ While the Army, Marine Corps, and Navy use the term Prepositioned Stock program, the Air Force uses the term War Reserve Materiel program. For purposes of this report, we use the term prepositioned stock program or prepositioned stocks for all services.

² GAO, *Defense Logistics: Better Management and Oversight of Prepositioning Programs Needed to Reduce Risk and Improve Future Programs*, [GAO-05-427](#) (Washington, D.C.: Sept. 6, 2005); GAO, *Defense Logistics: Improved Oversight and Increased Coordination Needed to Ensure Viability of the Army's Prepositioning Strategy*, [GAO-07-144](#) (Washington, D.C.: Feb. 15, 2007); GAO, *Defense Logistics: Army and Marine Corps Cannot Be Assured That Equipment Reset Strategies Will Sustain Equipment Availability While Meeting Ongoing Operational Requirements*, [GAO-07-814](#) (Washington D.C.: Sept. 19, 2007); GAO, *Defense Logistics: Army Has Not Fully Planned or Budgeted for the Reconstitution of Its Afloat Prepositioned Stocks*, [GAO-08-257R](#) (Washington D.C.: Feb. 8, 2008); GAO, *Military Readiness: Impact of Current Operations and Actions Needed to Rebuild Readiness of U.S. Ground Forces*, [GAO-08-497T](#) (Washington, D.C.: Feb. 14, 2008); GAO, *Force Structure: Restructuring and Rebuilding the Army Will Cost Billions of Dollars for Equipment but the Total Cost is Uncertain*, [GAO-08-669T](#) (Washington, D.C.: Apr. 10, 2008); GAO, *High Risk Series An Update*, [GAO-09-271](#) (Washington, D.C.: Jan. 2009).

³ [GAO-08-497T](#), [GAO-08-669T](#).

⁴ Reset is defined as actions taken to restore units to a desired level of combat capability commensurate with the units' future mission. It includes the repair, replacement, or recapitalization of equipment that was destroyed, damaged, stressed, or worn out beyond economic repair due to combat operations.

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department's other priorities, such as restructuring capabilities within its prepositioned stocks and changes in its overseas military presence.⁵

In June 2008, DOD issued an instruction to provide guidance on war reserve materiel requirements determination and positioning to support the immediate needs of U.S. military forces across a spectrum of contingencies.⁶ The instruction further required the establishment of a Global Prepositioned Materiel Capabilities Working Group. The working group provides the services a place to share information about their programs and discuss lessons learned. According to DOD officials, the working group serves as a mechanism to inform other groups developing long-term strategies for global posture about issues related to prepositioned materiel. In addition, members of the working group are participating in teams that are reviewing the role of prepositioned programs in the department's Quadrennial Defense Review.

The National Defense Authorization Act for Fiscal Year 2008⁷ added an annual reporting requirement to Title 10 of the United States Code⁸ that directs DOD to submit a report to the congressional defense committees on the status of prepositioned materiel and equipment as of the end of each fiscal year, no later than the date of the submission of the President's annual budget request. DOD's report is required to address the following six elements: (1) the level of fill for major end items⁹ of equipment and spare parts, (2) the materiel condition of equipment in the prepositioned stocks, (3) a list of major end items drawn from prepositioned stocks that fiscal year and a description of how the equipment was used and whether it was returned to the stocks after its use, (4) a time line for completely reconstituting any shortfall in the prepositioned stocks, (5) an estimate of the funding required to completely reconstitute any shortfall in the prepositioned stocks and a description of the Secretary's plan for carrying out the reconstitution, and (6) a list of any operation plans affected by a shortfall in the prepositioned stocks and a description of the action taken to mitigate any risk created by that shortfall. In May 2009, DOD submitted its report to Congress on the status of its prepositioned materiel and equipment for the time period of October 2007 to September 2008. DOD's report includes an unclassified section to address reporting elements one through five and a classified annex to address reporting element six. The annual reporting requirement also directs GAO to review DOD's annual reports and submit to the congressional defense committees any additional information that will further inform the committees on issues relating to the status of the materiel in prepositioned stocks no later than 120 days after the date on which DOD submits its report to Congress.

For this report, our objective was to determine what additional information in future DOD reports on the status of its prepositioned materiel and equipment could further inform congressional defense committees on these issues. We examined GAO and DOD reports on the services' prepositioned stock programs, reviewed relevant DOD and service policies, and met with DOD and service officials to determine whether additional information could further inform Congress on the status of prepositioned materiel and equipment. While we did not independently assess the data DOD provided to Congress, we discussed the reliability of the systems used to develop the report data with service officials and determined that the data are sufficiently reliable to meet the objective of this engagement. A more detailed discussion of our scope and methodology is included in enclosure I. We conducted this performance audit from May 2009 to November 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit

⁵ DOD, *Report on Department of Defense Programs for Prepositioning of Materiel and Equipment: Interim Submission: Way Ahead to Comprehensive Review and Discussion of Current Service Prepositioning Strategies*, (Sept. 19, 2007).

⁶ Department of Defense Instruction 3110.06, *War Reserve Materiel (WRM) Policy* (June 23, 2008).

⁷ Pub. L. No. 110-181, §352 (2008).

⁸ 10 U.S.C. §2229a.

⁹ According to the Department of Defense, Supply Chain Materiel Management Regulation, DoD 4140.1-R, AP1.1.11.7 (May 23, 2003), a major end item is a final combination of end products that is ready for its intended use.

objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Summary

Although DOD addressed the six required reporting elements in its annual report, DOD's future reports to Congress on the status of its prepositioned materiel and equipment would benefit from additional information in three areas.¹⁰ Specifically, future reports would be enhanced by additional information on the amount of spare parts the Army maintains in its prepositioned stocks; the materiel condition of the Air Force's material and equipment needed to establish bases; and information on the services' progress to replenish their individual prepositioned sets, such as level of fill and readiness rates, and changes in those sets from the previous year.

First, while DOD's report addressed the level of fill for spare parts as required by the mandate, we found that the Army had additional data on spare parts that were not included in DOD's report. Army logistics officials have acknowledged that three of the Army's prepositioned packages include spare parts and could be reported to Congress, but these packages are not currently included in DOD's annual report. Army officials told us that, in DOD's report to Congress, readiness of spare parts is included as part of its equipment end item materiel condition. According to an Army regulation on logistics, readiness, and sustainability, if Army materiel managers use readiness data from inaccurate reports, their decisions on repair, modification, overhaul, or purchase of end items and repair parts will be faulty, causing among other things, inefficient and wasteful use of scarce Army resources.¹¹ Without the addition of information about the Army's prepositioned spare parts, Congress may not have all of the information it needs to make informed decisions regarding the Army's prepositioning program.

Second, with regard to the second reporting element addressing the materiel condition of equipment in the prepositioned stocks, the Air Force could provide more information on its materiel and equipment needed to establish bases. Including this information in future reports to Congress would provide for a more comprehensive account of the materiel condition of the Air Force's prepositioned equipment. The Air Force indicated in the annual report to Congress that critical equipment shortfalls of items were affecting the materiel condition of its Basic Expeditionary Airfield Resources (BEAR) sets,¹² but did not provide information on the overall materiel condition of its BEAR sets. The Air Force provided us with additional information on the materiel condition of its BEAR sets as of July 2009, indicating that some of the sets were mission capable, most were partially mission capable, and some were not mission capable. Without the addition of information about the materiel condition of the Air Force's BEAR sets, Congress may not have all of the information it needs to make informed decisions regarding the Air Force's prepositioning program.

Third, DOD's future reports to Congress on the status of its prepositioned materiel and equipment would benefit from information on the services' progress to replenish their individual prepositioned sets, such as level of fill and readiness rates, and changes in those sets from the previous year. We have previously reported that transparent and comprehensive information about programs allows decision makers to understand the full magnitude of resource requirements and weigh competing priorities.¹³ While the report includes the required information from the services on the amount of equipment on hand and materiel condition, it does not indicate the services' progress to replenish their prepositioned sets. For example, the Army reported that of the required 5042 medium tactical vehicles currently in its prepositioned stocks, nearly all of the vehicles are available for use. Since the vehicles are assigned to

¹⁰ 10 U.S.C. § 2229a.

¹¹ Army Regulation 700-138, Logistics Army Logistics Readiness and Sustainability (Feb. 26, 2004).

¹² BEAR sets provide basing materiel and equipment and combat support equipment at sites with limited infrastructure and support facilities.

¹³ [GAO-08-354R](#).

multiple prepositioned sets, the information in the report does not indicate the Army's progress to replenish individual sets. Additional information on the services' prepositioned sets and information about changes in those sets from the previous year could provide the congressional defense committees with a better means to measure the services' progress over time to replenish their prepositioned stocks. This information would also benefit DOD and congressional decision makers when weighing competing funding priorities.

To provide Congress with the visibility to better assess the condition of DOD's prepositioned materiel and equipment, we are recommending that the Army and Air Force each include more detailed information in DOD's report to Congress, and that the services provide information on their progress to replenish their individual prepositioned sets and changes in those sets from the previous year in future reports to Congress. In commenting on a draft of this report, the department concurred with each of our three recommendations. DOD also provided separately a number of technical comments which we considered and incorporated as appropriate. DOD's written comments are reprinted in enclosure II.

Background

Each military service maintains different configurations and types of materiel and equipment to support its prepositioned stock program. Table 1 provides details on the configuration of each of the services' prepositioned stocks.

Table 1: Description of DOD's Prepositioned Stocks by Military Service

Service	Types of stocks	Description
Army Prepositioned Stocks (APS) 1-5	Brigade Combat Team (BCT)	<ul style="list-style-type: none"> • Stored at land sites and aboard prepositioning ships • Sets are designed to support 3,000 to 5,000 soldiers • Abrams Tanks, Bradley infantry fighting vehicles, High Mobility Multi-purpose Wheeled Vehicles, support trucks, and vehicles • Spare parts and other sustainment stocks to support the early stages of a conflict
	Sustainment stocks	<ul style="list-style-type: none"> • Stored at land sites and aboard prepositioning ships • Replacement equipment for losses in early stages of operations or until resupply is established • Includes major end-items such as tracked vehicles • Secondary items such as meals, clothing, petroleum supplies, construction materials, ammunition, medical materials, and repair parts
	Operational project stocks	<ul style="list-style-type: none"> • Stored at land sites and aboard prepositioning ships • Authorized material above unit authorizations designed to support Army operations or contingencies • Equipment and supplies for special operations forces, bare base sets, petroleum and water distribution, mortuary operations, and prisoner-of-war operations
Marine Corps Maritime Prepositioning Ships Squadron (MPSRON)1-3	Forward deployed; Maritime Prepositioning Force (MPF)	<ul style="list-style-type: none"> • Consists of 16 prepositioning ships organized into three squadrons • Each squadron supports about 16,000 Marines and sailors for up to 30 days • Includes combat systems, communications systems, construction equipment, munitions, medical supplies, and sustainment stocks
	Prepositioning program—Norway	<ul style="list-style-type: none"> • Six cave sites and two storage facilities/air stations located in central Norway • Designed to support a Marine Expeditionary Brigade (MEB) with select types and classes of vehicles, equipment, and supplies • Includes vehicles, engineering equipment, munitions, rations, and other equipment that will be used to support any geographic combatant command
Navy Maritime Prepositioning Ships Squadron (MPSRON) 1-3	Navy prepositioned assets	<ul style="list-style-type: none"> • Assets are stored aboard maritime prepositioning force ships and at land sites • Equipment to offload prepositioning ships, including material handling equipment, ramps and barges, landing and amphibious craft, and bulk fuel • Construction equipment such as cranes, forklifts, trucks, and tractor trailers • Includes approximately 2,400 fleet hospital beds
Air Force various geographic locations	Bare base sets	<ul style="list-style-type: none"> • Base operating support equipment and supplies used to house forces at austere bare base forward operating locations • Supports up to 77,500 personnel and 850 combat/mobility aircraft at up to 15 forward operating locations worldwide • Includes housekeeping sets for personnel life support, industrial operations sets to establish expeditionary airbase infrastructure, and flight line (flying) operations sets
	Operational stocks	<ul style="list-style-type: none"> • Direct and indirect mission support equipment and vehicles for up to 43 forward operating locations to support major combat operations and vignettes as specified in DOD's Integrated Security Posture and Strategic Planning Guidance • Includes equipment stored at forward operating locations (land bases) worldwide to provide direct mission support such as Aerospace Ground Equipment (AGE) for flying operations, Fuels Operational Readiness Capability Equipment (FORCE) for aircraft refueling, and general aviation support • Includes both general purpose vehicles such as trucks, buses, vans, and special purpose vehicles such as material handling equipment, fire trucks, and civil engineering construction equipment
	Other aviation support equipment and supplies	<ul style="list-style-type: none"> • Includes other war reserve materiel sustainment equipment and supplies such as rations, munitions stored at land sites and aboard prepositioning ships, petroleum (aircraft fuel), oils, lubricants at multiple locations, and centralized storage locations globally

Source: DOD and GAO.

The Army and Marine Corps maintain sets of materiel and equipment by support unit or brigade type using land and ship storage facilities. For example, the Army maintains materiel and equipment, such as tanks and armored wheeled vehicles, to support combat operations. Support materiel and equipment include secondary items such as clothing, construction, repair parts, and medical supplies. The Marine Corps stores combat systems, communications systems, construction equipment, munitions, medical supplies, and sustainment stocks on its ships. The Marine Corps supports its Marine Expeditionary Brigades¹⁴ with vehicles, engineering equipment, munitions, rations, and other equipment that will be used to support any geographic combatant command. The Navy and Air Force configure their prepositioned materiel and equipment by capability on land and ship storage facilities. For example, the Navy maintains expeditionary medical facilities, which provide medical and surgical care. The Air Force maintains basing and combat support materiel and equipment through BEAR package sets that provide basing assets at sites with limited infrastructure and support facilities and Fuels Operational Readiness Capability Equipment to provide fueling capabilities in areas without supporting infrastructure.

In our December 2008 report, which addressed DOD's August 2008 annual report, we found that additional information on the funding requirements for the services' prepositioned programs and on risk to current operations and concept plans could further inform congressional defense committees.¹⁵ As a result we recommended that DOD provide additional information to Congress on funding requirements for the services' programs, and in addition to the required elements, include in DOD's report to Congress information about risks to current operations and concept plans due to shortfalls and the mitigation strategies to address those risks. DOD agreed with our first recommendation and DOD officials stated that they will present funding requirements by year and appropriation accounts, similar to DOD's annual budget request presentation, in the fiscal year 2009 report to Congress. This information should provide Congress with a more comprehensive detailed estimate of the services' requirements for prepositioned materiel and equipment. DOD disagreed with our second recommendation; however, the Joint Staff developed a new methodology to identify risks to operation plans and current operations. The methodology compares the services' materiel and equipment shortfalls with the Combatant Commanders' Integrated Priority List. The Integrated Priority List includes shortfalls in essential materiel and equipment requirements affecting operational capabilities to accomplish their assigned mission. The list of corresponding shortfalls was provided to the services to obtain a list of actions taken by the services to mitigate any risk that may be created by the shortfalls. By including equipment shortfalls identified by Combatant Commanders and service mitigation strategies, the information provided in the classified annex of DOD's report provides more transparency. This transparency provides DOD and the services greater visibility to better assess the risks and subsequent mitigation plans to better inform congressional decision making on the potential ramifications associated with specific shortages of prepositioned stocks.

In addition to replenishing their prepositioned stocks, the services are reviewing their programs to address future requirements. According to Army logistics officials, the Army is examining the effect of changes in prepositioned materiel and equipment requirements and support to Afghanistan on the Army's ability to meet its Army Prepositioned Stocks Strategy 2015. Army officials provided senior leadership with recommendations to address the effect of these changes on its prepositioned stock program in August 2009. In addition, the Marine Corps is in the process of transforming its Maritime Prepositioning Force by incorporating more flexible capabilities to enable a variety of missions, while the Navy is converting its expeditionary

¹⁴ A Marine Expeditionary Brigade includes between 14,000 and 17,000 Marines and can operate independently for up to 30 days.

¹⁵ GAO, *Defense Logistics: Department of Defense's Annual Report on the Status of Prepositioned Materiel and Equipment Can Be Enhanced to Better Inform Congress*, [GAO-09-147R](#) (Washington, D.C.: Dec.15, 2008).

medical facility capability to modular medical units of varying sizes by 2013. Similarly, the Air Force is in the process of shifting from its historical emphasis on air deployable assets to new deployment configurations that reduce its reliance on airlift by prepositioning materiel on land and on ships.

DOD's Report Addressed the Six Required Reporting Elements, but Future Reports Would Benefit from Additional Information

Although DOD addressed the six required reporting elements in its annual report,¹⁶ DOD's future reports to Congress on the status of its prepositioned materiel and equipment would benefit from additional information in three areas. Specifically, future reports would be enhanced by additional information on 1) the amount of spare parts the Army maintains in its prepositioned stocks, 2) the materiel condition of the Air Force's material and equipment needed to establish bases, and 3) information on the services' progress to replenish their individual prepositioned sets, such as level of fill and readiness rates, and information about changes in those sets from the previous year.

The services provided information on each of the reporting elements in DOD's report to Congress. In responding to the first reporting element, each service provided some information on the level of fill—or the amount of equipment or materiel on hand in their prepositioned stocks compared to requirements—of major end items.¹⁷ In reporting on the second reporting element, the materiel condition of equipment in prepositioned stocks, all of the services provided some information on the materiel condition of equipment on hand. For the third element, the services reported information on equipment drawn from and returned to prepositioned stocks that supported ongoing operations or training exercises during the reporting period of October 1, 2007, to September 30, 2008. For the fourth reporting element, the services provided their time lines to completely reconstitute shortfalls in their stocks, indicating that they expect to completely replenish their stocks between 2013 and 2015. For the fifth element, the report includes the services' cost estimates to replenish their prepositioned stocks ranging from \$4.5 million for the Navy to \$5.3 billion for the Army, and described the Secretary's plan for carrying out the reconstitution. A classified annex addressed the sixth reporting element, which included a list of operation plans affected by any shortfall in the prepositioned stocks and subsequent mitigation strategies.

In addition to the information provided in the report to Congress for the first reporting element on the level of fill of major end items of equipment and spare parts, the Army could provide more information on its spare parts. We found that the Army has more detailed data on spare parts that were not included in DOD's report. Army logistics officials have acknowledged three types of prepositioned packages that include spare parts—Authorized Stockage List, Prescribed Load List, and Unit Basic Loads that could be reported to Congress, but these packages are not currently included in DOD's annual report.¹⁸ Instead, the readiness of Army spare parts is

¹⁶ 10 U.S.C. §2229a.

¹⁷ According to the Department of Defense, Supply Chain Materiel Management Regulation, DoD 4140.1-R, AP1.1.11.7 (May 23, 2003), a major end item is a final combination of end products that is ready for its intended use.

¹⁸ The three packages support equipment in the Army's prepositioned brigade combat team. An Authorized Stockage List includes items that are combat essential, authorized, and tailored to the support level, geographic area, and equipment density level. The Prescribed Load List includes unit maintenance repair parts that are not otherwise authorized for stockage at the installation level but are required to ensure operations of major pieces of equipment or

included as part of its equipment end item readiness in DOD's report to Congress. Army officials told us that the packages of spare parts are drawn when equipment that the packages support is drawn from the prepositioned stocks or modernized. In DOD's report to Congress, of the major end items reported on by the Army, at least 50 percent of the prepositioning equipment has been drawn. Army officials told us that the packages with spare parts are not replenished or their status reported until the brigade the spare parts support is reset. As we have previously reported, greater use of oversight mechanisms, such as the monthly readiness report, should be utilized to improve the Army's ability to make reliable assessments and report on the status of its program.¹⁹ According to an Army regulation on logistics, readiness, and sustainability, if Army materiel managers use readiness data from inaccurate reports, their decisions on repair, modification, overhaul, or purchase of end items and repair parts will be faulty causing, among other things, inefficient and wasteful use of scarce Army resources.²⁰ Until the Army provides additional information about the status of its prepositioned spare parts in DOD's report, Congress may not have full visibility of the amount of spare parts in the Army's stocks to support decision making.

Second, in addressing the reporting element on the materiel condition of equipment in the prepositioned stocks, the Air Force could provide more information on the prepositioned materiel and equipment it stores to facilitate the establishment of expeditionary bases. Including this information in future reports to Congress would provide for a more comprehensive account of the material condition of the Air Force's prepositioned equipment. The Air Force indicated that critical shortfalls of items were affecting the materiel condition of its Basic Expeditionary Airfield Resources (BEAR) sets, but did not provide information on the overall materiel condition of its BEAR sets. In addition, the Air Force included the sets on the unfunded requirements list that it provided to the House Armed Services Committee indicating that the Air Force does not have funds, estimated to be about \$11 million in its fiscal year 2010 budget, to replace older versions of the BEAR sets deployed in support of Operation Enduring Freedom for which supplemental funding was not provided. The Air Force provided us with additional information on the materiel condition of its BEAR sets as of July 2009. Of the 171 prepositioned BEAR sets, some of those sets were mission capable, indicating that they had 100 percent of critical items and 75 percent of noncritical items on hand. Most of the BEAR sets were partially mission capable, having at least 50 percent of critical items and 50 percent of noncritical items on hand, while some were not mission capable, with less than 50 percent of their critical items on hand. Without this additional information in future reports, Congress may not have all the information it needs to make informed decisions regarding the Air Force's prepositioning programs.

Third, DOD's future reports to Congress on the status of its prepositioned materiel and equipment would also benefit from information on the services' progress to replenish their individual prepositioned sets,²¹ such as level of fill and readiness rates, and information about changes in those sets from the previous year. We have previously reported that transparent and comprehensive information about programs allows decision makers to understand the full magnitude of resource requirements and weigh competing priorities.²² In the report to Congress, the Army stated that of the required 5042 medium tactical vehicles currently in its prepositioned stocks, most of the vehicles are available for use. Since the vehicles are assigned to multiple

facilities that are vital to a defense mission. The Unit Basic Loads include supplies for use in combat other than ammunition.

¹⁹ [GAO-05-427](#).

²⁰ Army Regulation 700-138, Logistics Army Logistics Readiness and Sustainability (Feb. 26, 2004).

²¹ Each of the military services maintains preconfigured groups of related materiel and equipment, known as "sets," in geographic locations around the world.

²² [GAO-08-354R](#).

prepositioned stock sets, the information in the report does not indicate the Army's progress to replenish individual sets. Alternatively, the Marine Corps provided information on its progress to replenish its prepositioned sets by providing information on the amount of equipment loaded on its ships. For example, its Maritime Prepositioned Squadron 1 loaded 91 percent of its equipment required during its last maintenance cycle. This information informs Congress on the availability of the Maritime Prepositioned Squadron 1 to provide equipment in response to a contingency. Section 2229a of Title 10 of the U.S. Code does not include a reporting requirement to provide a comprehensive picture of the services' prepositioned sets and changes in the condition of those sets from the previous year. Information on the services' progress to replenish their individual prepositioned sets, such as level of fill and readiness rates, and information about changes in those sets from the previous year could provide both Congress and DOD leadership greater visibility over the services' progress over time to meet their replenishment goals, compared to the information the current annual report provides. Moreover, such information would provide congressional defense committees with a more thorough understanding of the full magnitude of resource requirements when weighing competing funding priorities.

Conclusions

Going forward, DOD's annual report, as well the active interest and involvement of the congressional defense committees will continue to be key tools to ensure DOD effectively achieves and sustains its goals for replenishing prepositioned stocks. Prepositioned materiel and equipment have been vital to ongoing operations in Iraq and Afghanistan over the past several years. Assessing potential risks to operations and plans based on shortfalls in prepositioned stocks provides DOD better information to assess how prepositioned stocks could support current and future operations. Providing additional information on Army spare parts and on the materiel condition of the Air Force's BEAR sets would provide Congress greater visibility of the amounts and condition of the services' prepositioned stocks on hand when making decisions about future funding for the services' programs. Furthermore, without comprehensive information on the services' programs, congressional defense committees may not have adequate information to make funding decisions about the services' prepositioned stock programs when weighing competing priorities. In addition, the services' ongoing reviews of their prepositioning programs, the effects of operations overseas, and potential changes to meet new threats in the future may impact the funding required to completely replenish their stocks. Additional information on the services' prepositioned sets and information about changes in the condition of those sets from year to year would provide Congress a more transparent and comprehensive picture of how the services are utilizing their funding to reconstitute their prepositioned stocks in a changing security environment.

Recommendations for Executive Action

To provide Congress with the visibility to better assess the condition of DOD's prepositioned materiel and equipment, we are recommending that the Secretary of Defense direct

- the Secretary of the Army to include in DOD's future reports to Congress more detailed information on the level of fill of its prepositioned sets that include spare parts, and
- the Secretary of the Air Force to include in DOD's future reports to Congress information on the materiel condition of its BEAR sets.

To provide Congress with a more comprehensive picture of the services' prepositioned sets, we recommend that the Secretary of Defense direct the Joint Staff and the secretaries of the military services to include in DOD's future reports to Congress, information on the services' progress to

replenish their individual prepositioned sets, such as level of fill and readiness rates, and changes in those sets from the previous year.

Agency Comments and Our Evaluation

In commenting on a draft of this report, DOD concurred with all three recommendations. In response to our first recommendation that the Secretary of Defense direct the Secretary of the Army to include in DOD's future reports to Congress the level of fill of its prepositioned sets that include spare parts, DOD commented that it will incorporate into future reports to Congress information on the Army's level of fill of its prepositioned sets that include spare parts. In response to our second recommendation that the Secretary of Defense direct the Secretary of the Air Force to include in DOD's future reports to Congress information on the materiel condition of its Basic Expeditionary Airfield Resources sets, DOD also commented that it will include information on the materiel condition of the Air Force's BEAR sets in its future reports. Similarly, DOD concurred with our third recommendation and commented that the Joint Staff and the military services will include information regarding the progress to replenish their individual prepositioned sets and changes in those sets from the previous year to highlight readiness concerns as well as major program improvements.

DOD also provided a number of general and technical comments, which we have considered and incorporated as appropriate. A copy of DOD's written comments is included in enclosure II.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; the Chairman of the Joint Chiefs of Staff; the Secretaries of the Army, the Navy, and the Air Force; and the Commandant of the Marine Corps.

In addition, this report will be available at no charge on GAO's Web site at <http://www.gao.gov>. If you or your staff members have any questions regarding this report, please contact me at (202) 512-8365 or solisw@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff members that made major contributions to this report are listed in enclosure III.

A handwritten signature in black ink, appearing to read 'W. Solis', with a long horizontal flourish extending to the right.

William M. Solis, Director
Defense Capabilities and Management

List of Committees

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Chairman

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Subcommittee on Defense
United States Senate

The Honorable Ike Skelton
Chairman

The Honorable Howard P. McKeon
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable John P. Murtha
Chairman

The Honorable C.W. Bill Young
Ranking Member
Committee on Appropriations
Subcommittee on Defense
House of Representatives

Scope and Methodology

To evaluate the Department of Defense's (DOD) report on the status of its prepositioned stocks, we obtained and analyzed data from the Joint Staff, Army, Marine Corps, Navy, and Air Force that described the status of materiel and equipment in the prepositioned stocks. We reviewed DOD and service guidance and strategies that guide the prepositioned stock programs to understand the variations of information reported by the services on the status of prepositioned materiel and equipment. After analyzing the data, we met with appropriate Joint Staff and service officials to discuss the methodology used to collect and report materiel status, and the reliability of data from systems the services used to report the status of their prepositioned stocks. We also examined GAO and DOD reports on the services' prepositioned stock programs, reviewed relevant DOD and service guidance, and met with DOD and service officials to determine whether additional information could further inform Congress on the status of prepositioned materiel and equipment. We reviewed the current and prior DOD reports to Congress to determine if the information provides a transparent and comprehensive picture of the services' progress over time to reconstitute their prepositioned stock. While we did not independently assess the data DOD provided to Congress, we discussed the reliability of the systems used to develop the report data with service officials and determined that the data are sufficiently reliable to meet the objectives of this engagement. During this audit engagement, we met with officials from the Office of the Assistant Deputy Under Secretary of Defense for Supply Chain Integration; Office of the Joint Chiefs of Staff, Logistics; Army Deputy Chief of Staff, Program Analysis & Evaluation Directorate; Army Deputy Chief of Staff, Operations and Plans; Army Deputy Chief of Staff, Logistics; U.S. Army Medical Materiel Agency; Army Materiel Command; Army Aviation and Missile Command; Army Sustainment Command; Headquarters Marine Corps Installations & Logistics; Chief of Naval Operations, Logistics Operations Branch; Naval Facilities Naval Expeditionary Program Office; and Headquarters Air Force Plans and Integration; Defense Logistics Agency. We conducted this performance audit from May 2009 through November 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Comments from the Department of Defense

DEPUTY UNDER SECRETARY OF DEFENSE FOR
LOGISTICS AND MATERIEL READINESS3500 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

October 13, 2009

Mr. William M. Solis
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Solis:

This is the Department of Defense (DoD) response to the GAO draft report, GAO-09-917R, *"Defense Logistics: Department of Defense's Annual Report on the Status of Prepositioned Materiel and Equipment Can Be Further Enhanced to Better Inform Congress,"* dated September 8, 2009 (GAO Code 351352). Detailed comments on the report recommendations are enclosed.

The Department concurs with the draft report's recommendations to provide, in future reports to Congress, additional details regarding the U.S. Army's level of fill in its prepositioned sets, the U.S. Air Force's BEAR sets' materiel condition, and information on progress to replenish prepositioned sets.

The Department appreciates the opportunity to comment on the draft report. Technical comments are provided separately. For further questions concerning this report, please contact Colonel Arnold Holcomb, 703-380-6411, email arnold.holcomb@osd.mil.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Estevez".
Alan F. Estevez
Acting

Enclosure:
As stated

**GAO DRAFT REPORT – DATED SEPTEMBER 8, 2009
GAO CODE 351352/GAO-09-917R**

**"DEFENSE LOGISTICS: Department of Defense's Annual Report on the
Status of Prepositioned Materiel and Equipment Can Be Further Enhanced to
Better Inform Congress"**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to include in DoD's future reports to Congress the level of fill of its prepositioned sets that include spare parts.

DoD RESPONSE: Concur. The U.S. Army's level of fill of its prepositioned sets that include spare parts will be incorporated into future reports to Congress.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the Secretary of the Air Force to include in DoD's future reports to Congress information on the materiel condition of its Basic Expeditionary Airfield Resources (BEAR) sets.

DoD RESPONSE: Concur. Information regarding the materiel condition of U.S. Air Force BEAR sets will be included in DoD's future reports to Congress.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense direct the Joint Staff and the secretaries of the Military Services to include in DoD's future reports to Congress information on the Services' progress to replenish their individual prepositioned sets, such as level of fill and readiness rates, and changes in those sets from the previous year.

DoD RESPONSE: Concur. In future reports to Congress, the Joint Staff and the Military Services will include information regarding progress to replenish their individual prepositioned sets and changes in those sets from the previous year. This will allow the Services to highlight readiness concerns as well as major program improvements.

GAO Contact and Staff Acknowledgements

GAO Contact
Acknowledgements

William M. Solis, (202) 512-8365 or solisw@gao.gov

In addition to the contact named above, David A. Schmitt, Assistant Director; Renee Brown, Susan Ditto, Nicole Harms, Elizabeth D. Morris, Katharine Neill, Charles Perdue, Terry Richardson, Donna Rogers, Adam Smith, and Chris Watson made contributions to this report.

(351352)

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